

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 78 – SB 2059

March 17, 2011

SUMMARY OF BILL: Requires the Tennessee Student Assistance Corporation (TSAC) to establish and implement the ASPIRE work-study program. This program would provide additional financial assistance from net lottery proceeds to eligible Tennessee students who are recipients of the HOPE scholarship and the ASPIRE award, and also provide tutoring, mentoring, and assistance to elementary and secondary school students so that these students may eventually qualify for Tennessee HOPE scholarships.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$17,158,300/FY11-12/Lottery for Education Account
\$17,608,300/FY12-13 and Subsequent Years/Lottery for
Education Account**

Assumptions:

- TSAC projects 19,000 students would be eligible for the work-study program in FY11-12.
- Given that financial aid derived from this proposed work-study program supplements the existing ASPIRE award of \$1,500, TSAC projects 50 percent of eligible HOPE with ASPIRE students (9,500) would participate in FY11-12. Based on information provided by TSAC, this estimated ratio is higher relative to previous years because the latest data reveals that participation in the federal work-study program has increased dramatically.
- The maximum amount earnable by eligible students is \$1,000 per semester, or \$2,000 per academic year.
- TSAC estimates the average amount earned per participant will be 90 percent of the maximum annual award, or \$1,800 per academic year (\$2,000 x 90%).
- One additional position for TSAC to administer the program estimated to be \$58,300 per year (\$34,500 salary, \$13,386 benefits, \$10,414 other).
- The increase in state expenditures from the Lottery for Education Account (LFEA) will be \$17,158,300 [(9,500 x \$1,800) + \$58,300] in FY11-12.
- TSAC projects 19,500 students would be eligible for the work-study program in FY12-13. This number is assumed to remain constant in subsequent years.
- TSAC projects 50 percent of eligible HOPE with ASPIRE students (9,750) will participate in FY12-13. This number is assumed to remain constant in subsequent years.

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- The recurring increase in state expenditures from the LFEA will be \$17,608,300 $[(9,750 \times \$1,800) + \$58,300]$ in FY12-13 and subsequent years.
- According to the Department of Education, this bill will not have a significant impact on departmental revenue or expenditures.

CERTIFICATION:

This is to certify that the information herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc